Providing Relief to EOU in the Textile Sector

679. SHRI RAJKUMAR DHOOT: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that Government has provided relief to Export Oriented Units in the textile sector;

(b) if so, the details thereof; and

(c) the benefit expected to accrue to industry and common man during the current and next fiscal year?

THE MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA): (a) Yes, Sir.

(b) The details of relief provided to Export Oriented Units (EOUs) in the textile sector are as under:

(i) EOUs are allowed to dispose off leftover material/fabrics upto 2% of CIF value or quantity of import whichever is lower on payment of duty on transaction value subject to certification of Central Excise/Customs Officer that these are left-over items.

(ii) If EOUs are carrying out job work on behalf of DTA units on duty paid goods, then DTA units will be entitled for refund of duty paid on the inputs by way of all Industry rate of Duty Drawback/Brand Rate of Duty Drawback.

(iii) Exemption from requirement of bank guarantee, 100% depreciation, exemption from service tax, simplification of procedure for de-bonding of EOUs, etc. to EOUs in general including EOUs in textile Sector.

(iv) EOUs are allowed to sell fabrics in the Domestic Tariff Area (DTA) on payment of duty @ 4% or @ 8% depending upon the category of the fabric.

(c) The above measures will help the EOUs in textile sector in disposing off leftover materials/fabrics and thereby enable these units to reduce the inventory cost and make available good quality material to low cost to the common man. Measures like availability of all Industry Rate of Duty drawback on job work, dispensing with the requirement of bank guarantee etc., will result in reduced transaction cost thereby improving the competitiveness of the textile units in the international market. Increased exports will help in generating further employment in the country.